

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Periodic Reporting  
(Proposal Nine)

Docket No. RM2020-1

CHAIRMAN'S INFORMATION REQUEST NO. 3

(Issued June 2, 2020)

To further assist the Commission in its evaluation of the Postal Service's proposed changes to analytical principles relating to periodic reports,<sup>1</sup> the Postal Service is requested to provide written responses to the following questions. The responses should be provided as soon as possible, but no later than June 9, 2020.

1. Please refer to the 2019 Facility Space Usage Study (FSUS).<sup>2</sup>
  - a. Please provide a description for each facility type identified in the 2019 FSUS.
  - b. Please explain how operations or functions performed are similar and different for each facility type identified in the 2019 FSUS.
2. Please refer to the 1999 FSUS.<sup>3</sup>

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Nine), October 31, 2019 (Petition). The Postal Service filed a notice of filing of non-public materials relating to Proposal Nine. Notice of Filing of USPS-RM2020-1/1 and USPS-RM2020-1/NP1 and Application for Nonpublic Treatment, October 31, 2019.

<sup>2</sup> *2019 Facility Space Usage Study*, United States Postal Service Cost Attribution, September 2019, October 31, 2019 filed with the Petition (2019 FSUS). See 2019 FSUS at 11, 13.

<sup>3</sup> See Docket No. R2005-1, Direct Testimony of Marc A. Smith on Behalf of the United States Postal Service (Docket No. R2005-1, USPS-T-13), April 8, 2005, at 21 (1999 FSUS).

- a. Please provide a description for each facility type identified in the 1999 FSUS.
  - b. Please explain how operations or functions performed are similar and different for each facility type identified in the 1999 FSUS.
  - c. Please specify which types of facilities are no longer active.
  - d. For those types of facilities with name or operational changes between the 1999 and 2019 FSUS, please explain the reasons for the change(s) and provide a crosswalk where applicable.
3. The In-Office Cost System (IOCS) collects and identifies the facility type of sampled employees.<sup>4</sup> However, in the updated 2018 IOCS Handbook, a description of the facility types as well as the data collector's reference resource for determining facility type was not included.<sup>5</sup>
  - a. Please provide the IOCS data collector's reference resource document for determining the facility type identified as the "IOCS RG 3-5" in the IOCS Handbook. 2018 IOCS Handbook at 29.
  - b. If the facility names and types differ among the Postal Service's databases, please provide a crosswalk for any disparate facility names and types.
4. The Postal Service states that "the bin capacity (and therefore space requirements) for the delivery bar code sorters (DBCS), the current workhorse used to process letters and cards, has increased over time due to the addition of expansion modules." Petition at 2. In the proposed Annual Compliance Report

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<sup>4</sup> See Docket No. ACR2019, Library Reference USPS-FY19-37, December 29, 2019, Excel file "IOCSDataDictionaryFY19.xlsx," tab "Mainframe Layout," "Q15C01" and "Q18A01."

<sup>5</sup> See Docket No. ACR2018, Library Reference USPS-FY18-45, February 8, 2019, folder "ACR 2018 ChIR 6.Public Files," subfolder "ChIR.6.Q.26\_Aproved Handbooks," PDF file "Handbook F-45\_MAY\_2018.pdf," Section 4-2 at 29 (2018 IOCS Handbook).

(ACR) updated facility file, in which the Postal Service plans on making future space adjustments given the number of machines removed and deployed, the Postal Service developed an average square footage per equipment category based on the 2019 FSUS.

- a. Please explain whether the total DBCS machine space requirements vary by facility size.
  - b. Please explain whether the total DBCS machine space requirements vary by DBCS machine size.<sup>6</sup>
  - c. Please explain whether the total DBCS machine space requirements vary by area and district and number of delivery points served.
  - d. Is it feasible for the Postal Service to use a more precise total DBCS space measurement (given either the facility size, machine type, area, district or number of delivery points served) rather than an overall average to adjust for removals or deployments? If so, please discuss whether that could be incorporated into future ACR facility files. If not, please explain.
5. Please define the acronyms and describe each equipment type for which the Postal Service plans on adjusting the facility space estimates provided in Library Reference USPS-RM2020-1/1, Excel file "FACILITY19.PROP9.xlsx," tab "Equip Adjust."<sup>7</sup>
- a. Please specify, for each equipment and facility type listed, whether the total associated equipment space can vary by facility size, machine model, area or district, and number of delivery points served.

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<sup>6</sup> The Postal Service states that some machines vary in size. 2019 FSUS at 33.

<sup>7</sup> See Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY19.PROP9.xlsx," tab "Equip Adjust." The Postal Service modified "the Docket No. ACR2018 version of the facility file [ ] to accommodate the new FSUS data, and the proposed new version is presented as 'FACILITY19.PROP9.xlsx.'" Petition at 4.

- b. For the equipment with space estimates that may vary materially from the overall average (given either the facility size, machine model, area/district or number of delivery points served), is it feasible for the Postal Service to develop a more precise equipment space estimate with which to adjust for future removals and or deployments? If so, please discuss whether that could be incorporated in future ACR facility files. If not, please explain.
6. The Postal Service notes that “[t]here are other circumstances that affect how much space a machine requires, such as the location of columns in a given facility. In addition, some machines vary in size. The actual workroom floor space required to support a given machine could therefore be more than the average space value.” 2019 FSUS at 33. Please identify which of the Postal Service’s data systems includes the size of the machine and space needed given other circumstances “such as the location of columns.” *Id.* If none exist, please explain how machines that are more than the average space value will be accounted for in the Postal Service’s ACR adjustments for equipment removals and deployments.
7. The Postal Service notes that “[d]espite the fact that the cost analysis associated with the use of facility space has been updated annually to reflect additions and subtractions of equipment types and sizes in the relevant ACR materials...the space adjustments were approximations and did not involve a comprehensive approach to estimating space proportions as is done in this proposal.” Petition at 3. Please refer to Table 1 for the following questions.

**Table 1**  
**Comparison of Select 2019 FSUS Operation/Function Space Estimates and**  
**Docket ACR2018, USPS-FY18-8 Adjusted (1999 FSUS) Space Estimates**

Space No.	Operation / Function	2019 FSUS Gross Square Feet	Docket No. ACR2018, USPS-FY18-8, Adjusted (1999 FSUS) Square Feet	Difference
10	MODS 14 PRIORITY	902,869	2,373,112	-1,470,242
39	NONMODS IOCS ALLIED	13,645,140	30,285,177	-16,640,037
44	NONMODS IOCS D.PO BOX	12,250,838	1,146,264	11,104,574
48	NONMODS IOCS MANP	19,141,118	6,064,403	13,076,715
54	Post Office Boxes / Caller Service	12,074,197	26,361,116	-14,286,919
56	City Carrier	35,255,807	25,784,724	9,471,084
57	Rural Carrier	21,330,487	8,616,533	12,713,954
Source: Commission modified from 2019 FSUS at 31; Docket No. ACR2018, Library Reference USPS-FY18-8, December 28, 2018, folder "FY18.8_File," Excel file "FCILITY18.xlsx," tab "FY 2018 Facility Data."				

- a. Please specify the reason(s) for the decrease in the "MODS 14 PRIORITY" space estimate between the 2019 FSUS and Docket No. ACR2018 Library Reference USPS-FY18-8 space estimate.
  - i. Please include in your response the reason(s) why the Docket No. ACR2018 adjusted space estimate did not materially adjust for the space difference between the 1999 FSUS and the 2019 FSUS.
  - ii. The October 2004 Handbook F-45, Data Collection User's Guide for In-Office Cost System includes a facility description for "Priority Mail processing centers."<sup>8</sup> Please confirm that "Priority Mail processing centers" are no longer active.<sup>9</sup>

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<sup>8</sup> USPS Periodic Report, Handbook F-45 Data Collection User's Guide for In-Office Cost System, July 21, 2009, Section 6.1, Page 6-6.

<sup>9</sup> The Postal Service states that Priority Mail processing centers were discontinued in Docket No. RM2017-1, Comments of the United States Postal Service in Response to Order No. 4402, April 16, 2018, at 13.

- (1) If confirmed, please specify what other types of facilities, operations and functions currently contain the space usage for what previously was termed “Priority Mail processing centers.”
  - (2) If not confirmed, please specify the total number and the number included in the 2019 FSUS sample.
- b. Please specify the reason(s) for the decrease in the “NONMODS IOCS / ALLIED” space estimate between the 2019 FSUS and Docket No. ACR2018, Library Reference USPS-FY18-8 space estimate. Please include in your response the reason(s) why the Docket No. ACR2018 adjusted space estimate did not materially adjust for the space difference between the 1999 FSUS and the 2019 FSUS.
- c. Please specify the reason(s) for the increase in the “NONMODS IOCS / D.PO BOX” space estimate between the 2019 FSUS and Docket No. ACR2018, Library Reference USPS-FY18-8 space estimate. Please include in your response the reason(s) why the Docket No. ACR2018 adjusted space estimate did not materially adjust for the space difference between the 1999 FSUS and the 2019 FSUS.
- d. Please specify the reason(s) for the decrease in the “Post Office Boxes / Caller Service” space estimate between the 2019 FSUS and Docket No. ACR2018, Library Reference USPS-FY18-8 space estimate. Please include in your response the reason(s) why the Docket No. ACR2018 adjusted space estimate did not materially adjust for the space difference between the 1999 FSUS and the 2019 FSUS.
- e. Please specify the reason(s) for the increase in the “NONMODS IOCS / MANP” space estimate between the 2019 FSUS and Docket No. ACR2018, Library Reference USPS-FY18-8 space estimate. Please

- include in your response the reason(s) why the Docket No. ACR2018 adjusted space estimate did not materially adjust for the space difference between the 1999 FSUS and the 2019 FSUS.
- f. Please specify the reason(s) for the increase in the “City Carrier” space estimate between the 2019 FSUS and Docket No. ACR2018, Library Reference USPS-FY18-8 space estimate. Please include in your response the reason(s) why the Docket No. ACR2018 adjusted space estimate did not materially adjust for the space difference between the 1999 FSUS and the 2019 FSUS.
- g. Please specify the reason(s) for the increase in the “Rural Carrier” space estimate between the 2019 FSUS and Docket No. ACR2018, Library Reference USPS-FY18-8 space estimate. Please include in your response the reason(s) why the Docket No. ACR2018 adjusted space estimate did not materially adjust for the space difference between the 1999 FSUS and the 2019 FSUS.
8. In the 1999 FSUS, the Cost and Revenue Analysis space category number 21 (“Platform”) and number 32 (“LDC 43 – Unit Distribution - Manual/LDC 44 – Post-Office Box Distrib.”) included a large amount of “exterior square feet.”<sup>10</sup> Do both comparable space categories in the 2019 FSUS include the same space and definition for “exterior square feet?” If yes, please provide the amount of exterior square feet for the referenced space categories estimated by the 2019 FSUS. If not, please explain.
9. The Proposal Nine facility-related cost impacts include a decrease of approximately \$317.7 million for Post Office Box Service cost. Petition at 14.

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<sup>10</sup> Docket No. R2005-1, USPS-T-13 at 34.

- a. Please discuss whether the increase of approximately 11.1 million square feet in the 2019 FSUS space category estimate for the “NONMODS IOCS D.PO BOX”<sup>11</sup> space category impacted the decrease in Post Office Box Service cost under the Proposal Nine methodology.
  - b. Please discuss whether the decrease of about 14.3 million square feet in the 2019 FSUS space category estimate for the “Post Office Boxes / Caller Service”<sup>12</sup> space category impacted the decrease in Post Office Box Service cost under the Proposal Nine methodology.
  - c. Please describe the cost to products distribution key for both the “NONMODS IOCS D.PO BOX” and “Post Office Boxes / Caller Service” space category.
10. The Proposal Nine facility-related cost impacts result in an overall decrease in total volume variable and product specific costs of approximately \$75.6 million. Petition at 14.
  - a. Please identify the cost segments and components for which institutional costs increase under the Proposal Nine methodology.
  - b. Please describe the distribution key(s) used for the cost segments and components identified under subpart a. of this question.

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<sup>11</sup> See Table 1, *supra*.

<sup>12</sup> See *id*.



- c. The Proposal Nine “CRA Inputs,” compared to Docket No. ACR2018, show an overall decrease of about 304 thousand square feet and a reduction of about a billion dollars in rental value for the combined space categories identified as “institutional.”<sup>13</sup> Please discuss the impact of this reduction on the volume-variable/product specific and “other” costs shown in Table 2 of the Postal Service’s Petition. Petition at 14.
11. The Postal Service states that “the space estimates for the [2019] FSUS sample were inflated to population estimates using nationwide space data.” 2019 FSUS Report at 34. It had initially planned on using the facility database records (FDB), however, in the FDB, it found that “duplicate space records must be deleted from any FDB dataset” and “the process used to maintain these datasets is time consuming and tedious.” *Id.* Ultimately, the Postal Service decided to use the Electronic Facility Management System (eFMS) data to inflate the 2019 FSUS sample statistics to population statistics by strata. 2019 FSUS at 5, 35. In the eFMS data, the Postal Service states that there is one record that contains one space total despite the space being used for multiple “facility-types.” 2019 FSUS at 5.
- a. Please describe how the single space total in the eFMS was partitioned to the space identified as a “DELV\_RETAIL” / “MAIN\_PO,” “CUST\_SERV” / “VMF,” and “NET\_OPS” / “PDC\_PDF” in the Facility Database System.<sup>14</sup>
  - b. Please describe the similarities and differences between the process for inflating the 1999 FSUS sample and 2019 FSUS sample to the population estimates.

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<sup>13</sup> Compare Library Reference USPS-RM2020-1/1, folder “Prop.9.Fldr.1.Facility.Files,” Excel file “FACILITY19.PROP9.xlsx,” tab “CRA Inputs” with Docket No. ACR2018, Library Reference USPS-FY18-8, December 28, 2018, folder “FY18.8\_Files,” Excel file “FCILTY18.xlsx,” tab “CRA Inputs,” “Institutional” space categories are identified in Library Reference USPS-RM2020-1/1, folder “Prop.9.Fldr.1.Facility.Files,” Excel file “FACILITY19.PROP9.xlsx,” tab “Component Variability.”

<sup>14</sup> See example illustrated in the 2019 FSUS at 5.

12. As shown in Table 2 below, the 1999 FSUS sample design appears to have sampled from more facility type strata than the 2019 FSUS.<sup>15</sup>
- a. To the extent possible, please show the 2019 FSUS population and sample in the same comparable groups and columns as those shown in the table below illustrating the 1999 FSUS facility size, type and strata groups.<sup>16</sup>
  - b. For all 2019 FSUS facility names and types that are no longer comparable to the 1999 FSUS facilities, please explain why they are no longer comparable.
  - c. For the 1999 FSUS facilities that are no longer comparable to the 2019 FSUS facilities, please explain in which 2019 FSUS facilities those operations/functions are performed.
  - d. The 1999 FSUS contained “certainty” strata for which all facilities in that stratum were sampled.<sup>17</sup> Please explain the reasons why all facilities in each of the 1999 FSUS “certainty” strata were sampled.
  - e. Please specify whether the 2019 FSUS sample included all of the same facilities included in the 1999 FSUS “certainty” strata. If not, please explain and indicate the number and from which 1999 FSUS “certainty” stratum were not included in the 2019 FSUS sample.

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<sup>15</sup> Compare 2019 FSUS at 11, 15 with Docket No. R2005-1, USPS-T-13 at 21.

<sup>16</sup> Commission modified table from Docket No. R2005-1, USPS-T-13 at 21.

<sup>17</sup> The 1999 FSUS “certainty” strata are identified in Table 2 by the superscript “a” following the Strata Facility Type name.

**Table 2**  
**1999 FSUS Characteristics of Population and Sample by Strata**

Strata Number	Strata Facility Type	Interior Square Feet Range	Total Interior Square Feet (non-auxillary)		Number of Facilities	
			Population	Sample	Population	Sample
1	AMC/AMF	All	3,491,435	823,890	84	22
2	AMC/AMF <sup>a</sup>	All	2,339,169	2,339,169	13	13
3	Big >50K	All	16,514,014	4,373,887	183	50
4	BMC	All	9,175,826	3,328,541	33	13
5	BMC <sup>a</sup>	All	1,230,315	1,230,315	1	1
6	Carrier Annex	All	5,176,707	481,930	330	30
7	Finance Station	All	3,023,041	97,962	688	15
8	MPO/SCF - >0-2K	>0-2K	15,683,432	46,824	16,464	50
9	MPO/SCF - >2K-5K	>2K-5K	18,387,449	171,287	5,933	55
10	MPO/SCF - >5K-10K	>5K-10K	17,978,010	390,696	2,531	55
11	MPO/SCF - >10K-20K	>10K-20K	20,435,238	914,227	1,459	65
12	MPO/SCF - >20K	>20K	21,292,445	2,013,843	744	70
13	P&DC/P&DF	All	66,273,688	19,591,435	389	114
14	P&DC/P&DF <sup>a</sup>	All	16,783,595	16,783,595	27	27
15	SCF / AO	All	6,903,334	1,698,437	259	71
16	Station/Branch - > 0-10K	>0-10K	10,385,657	124,813	2,471	30
17	Station/Branch - >10K-20K	>10K-20K	12,039,318	497,449	841	35
18	Station/Branch - >20K-50K	>20K-50K	10,686,884	932,291	398	35
19	Other	All	2,145,887	285,332	151	20
20	BMC Nonhandling	0				
	Total		259,945,444	56,125,923	32,999	771

<sup>a</sup> Certainty stratum.  
Source: Commission modified table from Docket No. R2005-1, USPS-T-13 at 21.

13. The Postal Service notes that in the 2019 FSUS, the delivery and retail facilities sample sites were not randomly selected and were based on a limited number of delivery and retail facility drawings stored only on the Facility File Share Drive. 2019 FSUS at 14-15. In total, the delivery and retail facility sample included 150 facilities from 35 states and 45 Districts (the Postal Service notes that “the sample sizes were not determined by any empirical means”). 2019 FSUS at 15.
- Please explain the similarities and differences in the space for the retail and delivery facilities on the Facility File Share Drive and those not on the Facility File Share Drive.
  - Please specify by type of delivery and retail facility (using the same 1999 FSUS facility type and size stratum groups) the number of delivery and retail facilities available on the Facility File Share Drive.

- c. Please discuss the reasons for the increase in the number of Postal retail and delivery facilities classified as “stations and branches” between 1999 and 2019.<sup>18</sup>
- 14. The Postal Service recommends that the space for the “MANP” and “PRIORITY” operations be combined and “the space for these operations be piggybacked in aggregate, similar to the manner in which the space for the APBS parcel and bundle sorting operations are piggybacked in aggregate.” 2019 FSUS at 32.
  - a. Please provide the figures and show “the manner in which the space for the APBS parcel and bundle sorting operations are piggybacked in aggregate.” *Id.*
  - b. If the response to subpart a. has been provided in the materials included with the Petition, please specify the related workbook and location within the workbook.
- 15. The Postal Service states that consistent with the current methodology, the new facility space usage study results “would also be used as inputs to the operations-specific piggyback factor analysis that was last filed in Docket No. ACR2018, Library Reference USPS-FY18-25. Petition at 4. Under the current methodology, facility space square feet and rents by category are used to develop mail processing piggyback factors to augment mail processing cost pool and operations labor costs.<sup>19</sup>
  - a. Please describe the impact of the Proposal Nine methodology on the mail processing piggyback factors. For material changes due to Proposal

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<sup>18</sup> The 1999 FSUS shows a total of 3,710 stations and branches in Docket No. R2005-1, USPS-T-13 at 21 as compared to 4,280 in the 2019 FSUS.

<sup>19</sup> Docket No. ACR2018, Library Reference USPS-FY18-8, December 28, 2018, PDF file “USPS-FY18-8 Preface.pdf” at 2; Library Reference USPS-FY18-25, December 28, 2018, PDF file “USPS-FY18-25.Preface.pdf” at 1. See Docket No. ACR2018, Library Reference USPS-FY18-25, December 28, 2018, Excel file “MPPGBY18PRC.xlsx.”

Nine, please discuss the specific facility workbook inputs that had the largest impact on the mail processing piggyback factors.

- b. Please update the Docket No. ACR2018, Library Reference USPS-FY18-25, Excel file "MPPGBY19PRC.xlsx" with the new facility space usage study results and related changes incorporated within the file.

16. The Postal Service states that the 2019 FSUS "team was able to utilize tools that were not available during the previous study (e.g., webEOR, the Facility File Share server), which enhanced the accuracy of this study." 2019 FSUS at 33-34. The Postal Service notes that "[t]he tasks that had the highest coefficient of variation estimates were typically those operations or functions for which small amounts of space were sporadically found on the facility layouts." *Id.* at 33. Please refer to Table 3 below illustrating mostly increases over the 1999 FSUS in the coefficients of variation (CV) for relatively large space categories in the 2019 FSUS for the following questions.

**Table 3**  
**Selected 2019 FSUS and 1999 FSUS Space Categories, Comparison of**  
**Coefficients of Variation**

Space Category No.	Operation/Function	2019 FSUS Estimated Gross Square Feet	Coefficient of Variation (CV)	
			2019 FSUS	1999 FSUS
12	MODS 17 1CANCEL	2,668,509	5.965%	4.000%
34	NDCS 17 PLA	1,960,681	11.319%	5.000%
41	NONMODS IOCS BULKACC	1,673,356	17.501%	6.400%
43	NONMODS IOCS CFS	4,425,592	11.912%	9.900%
44	NONMODS IOCS D.PO BOX	12,250,838	8.799%	NA
46	NONMODS IOCS MANF	4,293,378	11.513%	4.800%
47	NONMODS IOCS MANL	3,748,355	14.261%	7.200%
48	NONMODS IOCS MANP	19,141,118	6.124%	5.900%
49	NONMODS IOCS MISC	1,960,199	39.586%	7.000%
52	Window Service	18,220,608	8.932%	2.700%
54	Post Office Boxes / Caller Service	12,074,197	8.668%	3.100%
56	City Carrier	35,255,807	9.557%	4.100%
57	Rural Carrier	21,330,487	10.443%	6.900%
58	Office Space / Corridors	24,029,897	6.623%	3.800%
61	Employee Facilities	16,612,468	5.003%	1.900%
65	HQ, HQ Field Related & Area Offices	6,849,016	25.186%	NA
Source: Commission modified table from 2019 FSUS at 31.				

- a. Please discuss the reason(s) for the increase in the CV for the space categories 12 (“MODS 17 1CANCEL”) and 34 (“NDCS 17 PLA”).
- b. Please explain why the space categories 44 (“NONMODS IOCS D.PO BOX”) and 65 (“HQ, HQ Field Related & Area Offices”) have “NA” in the CV column.
- c. Please discuss the reason(s) for the increase in the CVs for the remaining space categories shown in Table 3.

- d. Please describe any analysis related to the retail and delivery convenience sample and its contribution to the increased CVs for the relevant space categories shown in Table 3.
- e. Please discuss and explain whether or not what appears to be the reduced number of facility sampling strata in the 2019 FSUS contributed to the increase in the CVs for the space categories shown in Table 3.
- f. Please discuss and explain whether or not the reduced number of facilities sampled in the 2019 FSUS over the number sampled in the 1999 FSUS contributed to the increase in the CVs for the space categories shown in Table 3.<sup>20</sup>

By the Chairman.

Robert G. Taub

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<sup>20</sup> The 1999 FSUS sampled a total of 771 facilities (see Table 2, *supra* excerpted from Docket No. R2005-1, USPS-T-13 at 21). The 2019 FSUS sampled a total of 247 facilities between the mail processing (97) and retail and delivery (150) facilities. 2019 FSUS at 11, 15.